

**REAL ESTATE APPRAISERS BOARD MEETING
MINUTES**

October 15, 2003

PRESENT: Patrick Buckett, Sharon Fiedler, LaMarr Franklin, Mark Kowbel, Roger Roslansky

STAFF PRESENT: Jerry Lowrie, Bureau Director; Ruby Jefferson-Moore, Legal Counsel; Pat Schenck, Program Assistant; and Division of Enforcement Staff.

GUESTS: Debbie Conrad, Wisconsin Realtors Association
Vicki Ledbetter, Appraisal Subcommittee Staff Member
Dennis Greene, Appraisal Subcommittee Staff Member
Tom Swan, Tom Swan & Associates Inc.

CALL TO ORDER

LaMarr Franklin called the meeting to order at 9:06 a.m. A quorum of 5 voting members was present.

AGENDA

Additions to Agenda:

- Move Item 10 to Item 17
- Add "Statutes and Rules Question Challenge" – Darwin Tichenor to Item 13 g.
- Add minutes from the Real Estate Education and Experience Advisory Committee from April 24, 2002 and August 20, 2003 to Item 7. a.

MOTION: Mark Kowbel, seconded by Patrick Buckett, to adopt the agenda with additions. Motion carried unanimously.

APPROVAL OF MINUTES (August 20, 2003)

MOTION: Mark Kowbel moved, seconded by Patrick Buckett, to approve the minutes of August 20, 2003 as written. Motion carried unanimously.

ADMINISTRATIVE REPORT

Jerry Lowrie, Bureau Director introduced himself as the new Bureau Director of Business and Design and gave a summary on his background and experience in state government and the public sector.

ACKNOWLEDGEMENT OF VISITORS

LaMarr Franklin introduced the guest and visitors. Guest Vicki Ledbetter and Dennis Greene from the Appraisal Subcommittee conducted an audit of the Department on October 14, 2003 and were invited to observe the Screening Committee and Board meeting on October 15, 2003.

BOARD ROSTER

Noted.

2003 MEETING DATES

The next meeting will be held on February 11, 2004.

2004 MEETING DATES

MOTION: Roger Roslansky moved, seconded by Sharon Fielder, to approve the meeting dates for 2004. Motion carried unanimously.

SUMMARY REPORTS ON PENDING COURT CASES, DISCIPLINARY CASES AND ADMINISTRATIVE RULES AND PRESS RELEASES

Ruby Jefferson-Moore reported that a Hearing was held on October 13, 2003 regarding Darrin J. Lebrun v. Real Estate Appraisers Board. Results of this hearing will come back to the Board for review.

TO-DO LIST

Noted.

REGULATORY DIGEST ARTICLES

Nothing to report.

BOARD MEMBER ACTIVITY

Four Board members attended the Board Member Workshop at the Concourse on October 14, 2003. The Board reported that it was very informative.

EDUCATION, EXPERIENCE AND EXAMINATION ISSUES

REPORT OF THE REA EDUCATION AND EXPERIENCE ADVISORY COMMITTEE MEETING OF OCTOBER 1, 2003

Mark Kowbel reported on the REA Education and Experience Advisory Committee meeting held on October 1, 2003. Issues discussed related to experience hours and education.

Vicki Ledbetter and Dennis Greene reported that the Appraisal Subcommittee does not have additional funds nor grant funds available for distribution to states. Mr. Lowrie will inform the Secretary that additional funds or grant funds are not available from the Appraisal Subcommittee.

Some states charge a \$3.00 access fee to renew their credentials on-line. The Board suggested that Wisconsin charge an access fee to generate funds for the Department.

MOTION: Patrick Buckett moved, seconded by Mark Kowbel, to recommend to the Department that they charge a \$3.00 processing fee for renewing credentials on-line and to send a letter to the Joint Legislative Audit Committee to request that the Department charge a \$3.00 access fee to renew credentials on-line and to recommend that additional funds be allocated to the Department of Regulation and Licensing, especially for the Real Estate Appraisers Board. Funds requested would be for Board and Committee members travel to meetings, monitoring continuing education, verifying education, enforcement issues and for case advisors to work on the backlog of cases to insure that the public is adequately protected through this process. Motion carried unanimously.

LaMarr Franklin will write a letter to the Joint Legislative Audit Committee to request that the Department charge a \$3.00 access fee to renew credentials on-line and recommend that additional funds be allocated to the Department of Regulation and Licensing, especially for the Real Estate Appraisers Board. Funds requested would be for Board and Committee members travel to meetings, monitoring continuing education, verifying education, enforcement issues and for case advisors to work on the backlog of cases to insure that the public is adequately protected through this process.

REA EDUCATION AND EXPERIENCE ADVISORY COMMITTEE MINUTES

MOTION: Mark Kowbel moved, seconded by Sharon Fiedler, that the requirement for 7-Hour National USPAP course provision be removed from the Real Estate Appraisers Rule. Motion carried unanimously.

MOTION: Mark Kowbel moved, seconded by Sharon Fiedler, that the Real Estate Appraisers Board revises their opinion regarding the experience requirement to allow non-client experience for case studies, practicum

courses and internships, supervised and state approved courses. Motion carried unanimously.

MOTION: Mark Kowbel moved, seconded by Sharon Fiedler, that 75 course hours be a pre-requisite to taking the 15 hour USPAP course. Motion carried unanimously.

**RECOMMENDATIONS REGARDING APPROVAL OF REAL ESTATE COURSES
OFFERED BY THE UNIVERSITY OF WISCONSIN-MADISON,
SCHOOL OF BUSINESS – PATRICK BUCKETT**

Patrick Buckett reported that the UW of Wisconsin-Madison, School of Business is rated as having the finest instructors for Real Estate courses. Courses are available for two day weekends. The cost for a two day course ranges from \$900 to \$1300 for the weekend.

Courses taken for continuing education credit would have to meet AQB requirements and be approved by the Department. Barbara Showers will check the Real Estate Courses being offered at the UW-Madison to see if they meet the requirements.

APPRAISER EXPERIENCE REQUIREMENTS

**INCREASING THE EXPERIENCE REQUIREMENTS FOR LICENSED APPRAISERS
TO 2000 HOURS**

MOTION: Patrick Buckett moved, seconded by Sharon Fiedler, to increase the experience hours from 500 to 2000 hours for Licensed Appraisers. Motion carried unanimously.

**AUGUST 11, 2003, LETTER FROM THE APPRAISAL SUBCOMMITTEE RELATING
TO REVISIONS TO THE NATIONAL REGISTRY**

The Board reviewed the correspondence from the Appraisal Subcommittee relating to changes to the ASC National registry database and ASC website requesting states to submit data regarding whether appraisers conform to Appraiser Qualifications Board's Criteria.

Letters will be mailed all Licensed Appraisers in Wisconsin informing them of the changes to the National Registry.

**THE DEPARTMENT'S RESPONSE TO THE APPRAISAL SUBCOMMITTEE'S
AUGUST 11, 2003, LETTER - RUBY JEFFERSON-MOORE**

The Board reviewed and discussed the Department's response to the Appraisal Subcommittee's letter.

PROVIDING NOTICE TO LICENSED APPRAISERS OF THE REVISIONS TO THE NATIONAL REGISTRY

The Board reviewed and discussed the “Notice of Change in National Registry Information that Affects Wisconsin Licensed Appraisers” prepared by the Department to mail to Appraisers licensed in Wisconsin.

The Board requested that the 2000 experience requirement rule be put in place fast, and that a cut off date be set for new applicants.

MOTION: Sharon Fiedler moved, seconded by Mark Kowbel, that the Real Estate Appraisers Board approves the “Notice to Licensed Appraisers of the Revisions to the National Registry” with some revisions related to sampling. Motion carried unanimously.

MOTION: Sharon Fiedler moved, seconded by Mark Kowbel, to increase the experience hours to 2000 beginning January 1, 2004 for Licensed Appraisers. Motion carried unanimously.

CORRESPONDENCE FROM FHA RELATING TO REVISED APPRAISER QUALIFICATIONS

The Board reviewed correspondence from US Department of Housing and Urban Development. FHA notified all FHA Roster Appraisers that all appraisers must satisfy AQB requirements for licenses or certification. An appraiser who is included on the Appraiser Roster on June 16, 2003, but does not meet the minimum AQB licensing/certification criteria in effect on that date, has until June 16, 2004 to comply with the AQB criteria and submit evidence of compliance to HUD. Failure to submit evidence to HUD by the deadline date constitutes cause for removal from the FHA Appraiser Roster.

COMMUNICATION FROM MARY REAVEY, CITY ASSESSOR FOR THE CITY OF MILWAUKEE

The Board reviewed and discussed Mary Reaveys response regarding unlicensed appraisers. The unlicensed appraisers were with residential related work. Most commercial appraisers are certified. Many of the appraisals they received did not comply with USPAP whether they were from licensed or unlicensed appraisers.

THE USE OF CASE STUDIES, PRACTICUM COURSES AND INTERNSHIPS TO OBTAIN APPRAISAL EXPERIENCE - BARB SHOWERS

The Board reviewed and discussed the “Real Estate Appraisers Internship Program” to be offered by Mt. Empire Community College in Virginia.

**ADMINISTRATIVE RULES
REVISIONS TO CHAPTERS RL 80-87, CODE**

MOTION: Mark Kowbel moved, seconded by Patrick Buckett, to designate the Board Chair to approve the draft of the rules RL 80-87 on behalf of the Board and to make any decision necessary relating to the rules. Motion carried unanimously.

REVISIONS TO THE 2003 USPAP

MOTION: Patrick Buckett moved, seconded by Sharon Fielder, to authorize the Board Chair to act on behalf of the Board, on revisions to the 2003 USPAP rules prior to the next Board meeting. Motion carried unanimously.

**PRACTICE ISSUES
DISCLOSURE OF INFORMATION IN APPRAISAL REPORTS RELATING TO
CONDUCT OF PRIOR OWNER/OCCUPANT OF SUBJECT PROPERTY
PATRICK BUCKETT**

The Board discussed whether or not to report a murder or suicide incident on the appraisal forms. Should bad incidents from previous owners be reported, and under what circumstances would you include these incidents on the appraisal form? When such incidents are disclosed they may affect the property value.

The Board concluded that if the incident was widely publicized, then it should be included on the appraisal form.

**APPRAISAL SUBCOMMITTEE
FIELD REVIEW, OCTOBER 14-15, 2003**

Vicki Ledbetter and Dennis Greene, Appraisal Subcommittee Staff Members, conducted a Field Review of the Department and the Real Estate Appraisers Board on October 14-15, 2003.

**DISCUSSION WITH APPRAISAL SUBCOMMITTEE STAFF MEMBERS, MS. VICKI
LEDBETTER AND MR. DENNIS GREENE, REGARDING FIELD REVIEW.**

Ms. Ledbetter thanked the Board for allowing them to observe the board meeting. They are a Federal Agency that oversees the National Regulation of Real Estate Appraisers. Their function is to monitor the states activities. They meet with each jurisdiction every three years to offer recommendations for improvement when they notice any areas that are deficient.

Ms. Ledbetter and Mr. Greene reviewed the rules and regulations, Board meeting minutes from the last three years, credential files, Division of Enforcement case files and other files throughout the Department. Ms. Ledbetter thanked the staff for providing information which made the auditing process easier and faster.

Ms. Ledbetter commended the Credentialing staff for the little notes they found in files indicating where the process was at or what items were still missing. This made it easier for the auditors to follow along.

Ms. Ledbetter offered recommendations for improvement in the following areas:

1. *Temporary practice:* Wisconsin violates two temporary practice rules. The fee exceeds \$150.00. Wisconsin charges \$162.00 or \$185.00 depending on which type of temporary practice is being sought. The Appraisal Subcommittee will require that this fee not exceed \$150.00.
2. *Temporary permit validation date:* When Wisconsin issues a temporary permit they make it valid for the length of time the candidates indicates on their application, with the option of renewing this permit by writing the Department a letter. Ms. Ledbetter reported that according to "Policy Statement" these permits must be made valid for 6 months with the option for one renewal. The option for renewal can be for one or two weeks, etc. There is no time frame for the second renewal, but each state could limit the time to one month. These permits are limited to the work originally specified on their application.
3. *Letter of good standing:* Ms. Ledbetter encouraged the Credentialing staff to utilize the Appraisal Subcommittee's web-site to retrieve letters of good standing verses asking the candidate for a letter of good standing from each state where they have held a credential. Ms. Ledbetter felt the Department would receive a more detailed verification from this web-site. This would expedite the credentialing process. The Credentialing staff is currently using the web-site. Ms. Ledbetter worked with the staff to help them more efficiently work within the web-site.
4. *Continuing education audit:* Ms. Ledbetter was glad to see that the process of conducting a random audit on continuing education every two years prior to renewal is in place. When Wisconsin allows appraisers an additional 60 days beyond the renewal date to complete their obligation of meeting the continuing education credits, the appraisers are not in compliance with AQB requirements and should be taken off the ASC registry. These appraisers should not conduct any Federal transactions. The Department will have to look at ways to handle these candidates who have not met the requirements. The ASC data base contains names of individuals who are active. During the period of time that appraisers are not in compliance with continuing education, they should be marked inactive on the ASC data base
5. *Division of Enforcement Issues:* Two issues were of concern: 1. The age of outstanding complaints that haven't been resolved. Ms. Ledbetter recognized the new administration's efforts in resolving these old cases. 2. Screening cases. There was no real process documented as to why some complaints are opened and why some are closed during the screening process. It was recommended that a note be placed in the file justifying why a case was not opened and why they thought it should be opened for further investigation.

Ms. Ledbetter indicated that the Appraisal Subcommittee did not have a problem with Wisconsin or any other state requiring an additional Open Book Examination on Wisconsin Statutes and Code, but thought we should accept candidates from other states without requiring them to retake the National Examination.

Ms. Ledbetter indicated that it would be better if the Department submitted any proposed rules to ASC prior to the Board finalizing them.

**APPRAISAL FOUNDATION
APPRAISER QUALIFICATIONS BOARD**

**FIFTH EXPOSURE DRAFT ON REVISING THE APPRAISER QUALIFICATIONS
CRITERIA**

The Board discussed the summary of changes from the Fourth Exposure Draft. Based on public comments and continued deliberation by the Appraiser Qualifications Board, several revisions have been incorporated into this Fifth Exposure Draft.

Mark Kowbel will draft a letter to Appraiser Qualifications Board for clarification of the Wisconsin Open Book exam and that AQB allow case studies, practicum courses and internships to be AQB and state approved by October 22, 2003.

**APPRAISAL STANDARDS BOARD
FINAL MODIFICATIONS TO THE 2003 EDITION OF USPAP**

The Board noted and will discuss later.

**PRESENTATION OF PROPOSED STIPULATIONS BY DIVISION OF ENFORCEMENT
OTHERS THAT MAY BE SUBMITTED AFTER PREPARATION OF THE AGENDA**

None.

CLOSED SESSION

MOTION: Roger Roslansky moved, seconded by Sharon Fiedler, to convene to Closed Session to deliberate on cases involving hearings (s. 19.85 (11) (a), Stats.); to consider licensure or discipline (s. 19.85(1) (b), Stats. to consider individual histories or disciplinary data (s. 19.85(1) (f), Stats.); and to confer with legal counsel (s. 19.85(1) (g), Stats. Motion carried by roll call vote: Patrick Buckett-yes, Sharon Fiedler-yes, LaMarr Franklin-yes, Mark Kowbel-yes, Roger Roslansky-yes.

Open Session recessed at 11:56 p.m.

RECONVENE TO OPEN SESSION

MOTION: Patrick Buckett moved, seconded by Mark Kowbel, to reconvene into Open Session at 1:09 p.m.. Motion carried unanimously.

**VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION,
IF VOTING IS APPROPRIATE**

MONITORING REPORT

None.

CASE CLOSINGS

00 APP 015

MOTION: Mark Kowbel moved, seconded by Sharon Fiedler, to close the complaint **00 APP 015** for No Violation. Patrick Buckett, Case Adviser, abstained. Motion carried.

01 APP 001

MOTION: Sharon Fiedler moved, seconded by Roger Roslansky, to close the complaint **01 APP 001** for Insufficient Evidence. Mark Kowbel, Case Advisor, abstained. Motion carried.

02 APP 056

MOTION: Mark Kowbel moved, seconded by Roger Roslansky, to close the complaint **02 APP 056** for Prosecutorial Discretion (P2). Sharon Fiedler, Case Advisor, abstained. Motion carried.

01 APP 010

MOTION: Roger Roslansky moved, seconded by Sharon Fielder, to close the complaint **01 APP 010** for Prosecutorial Discretion (P5). Patrick Buckett, Case Advisor, abstained. Motion carried.

99 APP 035

MOTION: Roger Roslansky moved, seconded by Sharon Fiedler, to close the complaint **99 APP 035** for Insufficient Evidence. Mark Kowbel, Case Advisor, abstained. Motion carried.

01 APP 018

MOTION: Roger Roslansky moved, seconded by Sharon Fiedler, to close the complaint **01 APP 018** for Prosecutorial Discretion (P4). Mark Kowbel, Case Advisor, abstained. Motion carried.

00 APP 018

MOTION: Sharon Fiedler moved, seconded by Roger Roslansky, to close the complaint **00 APP 018** for Prosecutorial Discretion (P4). Mark Kowbel, Case Advisor, abstained. Motion carried.

02 APP 044

MOTION: Mark Kowbel moved, seconded by Patrick Buckett, to close the complaint **02 APP 044** for No Violation. Sharon Fiedler, Case Advisor, abstained. Motion carried.

02 APP 035

MOTION: Sharon Fiedler moved, seconded by Roger Roslansky, to close the complaint **02 APP 035** for Compliance Gained. Patrick Buckett, Case Advisor, abstained. Motion carried.

STIPULATIONS

JAMES L. SCHULTHEIS 99 APP 026 (IRON MOUNTAIN, MI

MOTION: Mark Kowbel moved, seconded by Roger Roslansky, to adopt the Final Decision and Order and Stipulation in the matter concerning James L. Schultheis. Patrick Buckett, Case Advisor, abstained. Motion carried.

JOHN E. MOES 02 APP 046 (HASTINGS, MN)

MOTION: Sharon Fiedler moved, seconded by Roger Roslansky, to adopt the Final Decision and Order and Stipulation in the matter concerning John E. Moes. Mark Kowbel, Case Advisor, abstained. Motion carried.

DANIEL G. QUIRK 02 APP 049 (GRAFTON)

MOTION: Roger Roslansky moved, seconded by Patrick Buckett, to adopt the Final Decision and Order and Stipulation in the matter concerning Daniel G. Quirk. Mark Kowbel, Case Advisor, abstained. Motion carried.

ROYDEN E. TULL 09 APP 026 (MADISON)

MOTION: Mark Kowbel moved, seconded by Sharon Fiedler, to adopt the Final Decision and Order and Stipulation in the matter concerning Royden E. Tull. Motion carried unanimously.

ALBERT H. GAY 95 APP 012, 95 APP 003, AND 96 APP 015 (MADISON)

MOTION: Patrick Buckett moved, seconded by Sharon Fiedler, to adopt the Final Decision and Order and Stipulation in the matter concerning Albert H. Gay. Motion carried unanimously.

JUDITH A. CUNDY 02 APP 009

MOTION: Roger Roslansky moved, seconded by Mark Kowbel, to adopt the Final Decision and Order and Stipulation in the matter concerning Judith A. Cundy. Motion carried unanimously.

ADMINISTRATIVE WARNING

THOMAS P. PONIK, JR. 02 APP 032

MOTION: Sharon Fiedler moved, seconded by Roger Roslansky, to adopt the Administrative Warning as written in the matter concerning Thomas P. Ponik, Jr. Motion carried unanimously.

CONFER WITH LEGAL COUNSEL

No issues at this time.

AARO NATIONAL MEETING, WASHINGTON DC, OCT. 25-28, 2003

Jerry Lowrie reported that Sharon Fiedler and he are attending the AARO National Meeting in Washington DC on October 25-28, 2003.

ALTERNATIVE USPAP COURSE

MOTION: Sharon Fiedler moved, seconded by Mark Kowbel, to amend the previous motion that case studies need to be approved by AQB, state agencies, colleges or universities. Motion carried unanimously.

USPAP Q & A

Noted.

PUBLIC COMMENTS

Tom Swan, Tom Swan & Associates Inc. and a General Associate Member of the Appraisal Institute, volunteered to help the Board review experience applications that were sent to candidates to help them meet AQB requirements of 2000 hours. Mr. Swan indicated that he'd like to see additional organizations participate.

SUCH OTHER ITEMS AS AUTHORIZED BY LAW

Nothing.

ADJOURNMENT

MOTION: Roger Roslansky moved, seconded by Sharon Fiedler, to. adjourn the meeting at 2:08 p.m. Motion carried unanimously.

NEXT MEETING: February 11, 2004